

TRANSCRIPT

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Transcript of the Nevada State Farm Bill Forum With Under Secretary for Natural Resources and the Environment Mark Rey and Moderator Ed Foster Mesquite, Nevada November 8, 2005

MODERATOR: I'd like to welcome you to the Nevada USDA Farm Bill forum.

Before we get the forum started, we'd like to do the pledge of allegiance.

We are honored to have Lacey Sproul from Logandale, Nevada. She's a 16-year old junior in high school. Her parents are Alice and Lonnie Sproul. She has participated in numerous leadership opportunities, including the State 4-H ambassador, 4-H camp counselor, junior leader, tutor in elementary school, held offices in her church leadership council, and is a former member of the National Junior Honor Society. Through 4-H she has gained knowledge and skills such as leadership, public speaking, competence in public and personal situations, organizational skills and patience.

Lacey, would you please do the Pledge of Allegiance.

MS. LACEY SPROUL: Please stand and join me in the Pledge of Allegiance.
(Pledge of Allegiance)

MODERATOR: Thank you very much, Lacey.

One moment please. USDA swiped that.
We would like to now introduce a couple of representatives from our Congressional delegation who are present.

Shannon Raborn from Harry Reid's office.

(Applause)

MODERATOR: Kevin Kirkeby from Senator Ensign's office.

(Applause)

MODERATOR: Shannon and Kevin, thanks for coming.

We are very honored to have join us this morning the director of the Nevada Department of Agriculture, Mr. Don Henderson.

(Applause)

MR. DON HENDERSON: Thank you, Ed. Thank you everybody for coming. This is a good turnout for Mesquite, and we appreciate your coming here.

I'd like to thank Secretary Johanns and Under Secretary Rey for holding this Farm Bill listening session in Nevada. Someone correct me if I'm wrong, but based upon my 25 years involved in the State, I believe it's safe in stating that this is the first Farm Bill hearing or session that has been held in Nevada.

Based on the unique opportunity this forum represents, Governor Guinn also sends his appreciation to the Secretary and Under Secretary for holding this forum. Unfortunately, the Governor had other commitments and was unable to attend, but he sends his welcome and his regards.

So why are we pleased that the USDA is holding a Farm Bill listening session here in Nevada?

It's simply because our agriculture and the challenges that our producers face and rural dwellers face that we are so much different from producers located in the Midwest and Eastern states where much of the farm policy is developed.

We appreciate that the Secretary has recognized this point and are making a commitment to hold their listening forums throughout the nation.

I understand that the Under Secretary drove out from Las Vegas this morning to host this forum. Even though most of your travel is limited to the extreme southern portion of the state, I'm sure that it was readily apparent to you that agriculture in Nevada is fundamentally different than what you would expect to see in Ohio, Nebraska, New York or Georgia.

Recognizing this point, we are very pleased that the Secretary decided to hold this listening session here in Nevada giving us Nevadans the opportunity to express our thoughts on how the 2007 Farm Bill can be redirected to better meet the needs of our producers and rural residents.

I am also looking forward to the input that will be offered in this forum so we can start developing clear consensus positions here in Nevada on what the 2007 Farm Bill should look like.

I had an opportunity to meet with the Under Secretary back stage, and one thing that I came away from that meeting with is that he is very well informed about the differences between the regions in agriculture production. And I was pleased to see that.

In fact, he mentioned that his focus on these Farm Bill listening sessions has been to go out to the western and extreme northeastern states where commodity production is not as big as some of the other issues in terms of the Farm Bill.

But to help set the stage for this forum and to provide the Under Secretary a little bit more background, I'd like to run through a few statistics and try to explain why agriculture in Nevada is unique and requires special consideration in the upcoming Farm Bill.

First, Nevada is the most mountainous state in the lower 48 states and is the driest state in the nation. Most of our precipitation comes in the winter or during the dormant growing season -- or the dormant plant season. In the northern portion of the

state, this means that most of our precipitation comes in the form of snow. Due to its mountainous and arid nature, about 87 percent of the state is public land and administered by the federal government. Only 11 percent of the state is under private ownership.

Nevada is the fastest growing state and has been for the past 17 years. With its current population of about 2.3 million and our vast open area, Nevada is known as a sparsely populated state with 21 persons per square mile and 31 acres per person.

On the other side of the coin, 87 percent of our population resides in our two metropolitan areas, Las Vegas and Reno/Sparks. As such, Nevada has the distinction of being one of the most rural and at the same time urban populations in the nation.

The economic engines of the state's economy are gaming and tourism, service industries, and mining.

The fourth piston in this economic engine is agriculture. Total receipts from farm marketing during the previous year approached \$450 million. While this business activity may seem small and insignificant to that generated in other state sectors or agricultural production in adjoining states, this stable economic engine is critical to the survival and viability of Nevada rural's communities and economies. 88 percent of this agricultural production occurs in the 15 rural Nevada counties excluding Clark County, where we are today, and Washoe County and Reno.

Keep in mind, only 13 percent of state's population, or about 300,000 people, reside in these rural counties. So it follows that agriculture economics it generates is extremely important to these rural counties. You might say that agriculture coupled with gaming and mining is what keeps the light on in rural Nevada.

Due to our land status and arid nature, cattle, sheep and hay production represents 67 percent of the total annual cash receipts from agricultural products sold in Nevada.

Production from the big three commodities in Nevada have remained relatively stable over the past five to ten years, about a half million head of cattle, about a hundred thousand head of sheep and about a half million acres under hay production. About 55 percent of the land under hay production is planted to alfalfa.

Areas of growth in traditional agricultural commodities in Nevada over the past five to ten years have been in onion and garlic production.

Although small in total revenues but increasing rapidly, the recent growth in Nevada agriculture has been in the development of non-traditional agricultural products and the exploitation of niche markets.

For example, several Nevada ranchers have diversified their operations to include recreation or hunting activities that supplement on-farm income.

Two different parties are experimenting in the establishment of commercial vineyards. One of these entrepreneurs is planning a tourist based commercial winery.

There are some 30 growers in Nevada that are raising certified organic crops. Many of these products are being sold in numerous farmers markets held in Nevada and in California.

We have a hay buyer in Eureka who is packaging and marketing timothy hay specifically for rabbit feed. Much of this developing market is overseas.

We also have several farmers in the state who are venturing in the relatively new area of native plant seed production. There has been some successes in this area.

With about 87 percent of the state under federal administration, it should come as no surprise that Nevada is characterized as a rangeland grazing state. Writer and commentator Lowell Thomas recognized this when he called Elko, "the last cowtown in America." The last time I looked, Elko County ranked fourth in the nation in the number of brood cows.

Due to the attributes and limitations of our environment, we raise calves on the open range that are sold as feeders to market. Our livestock sector is absolutely dependent upon access to these federal lands and forests. The changing and evolving environmental policies on these federal lands directly affect this industry sector in Nevada and its economic viability.

With that brief overview, I'll sit down and listen. I understand that I will have an opportunity to make some concluding remarks at the end.

I thank the Under Secretary for being here and holding this forum and welcome you to Nevada. We are pleased that you have come.

(Applause)

MODERATOR: Thanks, Don.

That was nice to hear an overview like that, the day-to-day workings. I always forget how many good things are going on in the state.

It is now my extreme privilege to introduce Mr. Mark Rey. Mr. Rey has served as the Under Secretary of Agriculture for National Resources and Environment since October, 2001. He has an extensive background in national resource and conservation policy, serving for a time on the staff of the United States Senate Committee on Energy and National Resources.

Please welcome Under Secretary Mark Rey.

(Applause)

MR. MARK REY: Thanks for that kind introduction. Back stage I noticed that the last act that used this stage was Herman's Hermits. That's probably why we're having trouble adjusting the microphone. It could have been worse. It could have been the Rolling Stones.

It's my pleasure to be here this morning on behalf of Secretary Mike Johanns to hear directly from Nevada's farmers, ranchers, and rural residents on issues of concern.

I'd particularly like to thank Chris Freeman from the Nevada Association of Conservation Districts for his hospitality and flexibility in adjusting scheduling their meetings to accommodate this session.

In preparing for the 2007 Farm Bill, Secretary Johanns announced in June what was the first in a nationwide series of Farm Bill forums to be held across the country. The first forum was held in Nashville, Tennessee, and the Secretary, myself, and a few of our under secretaries have now conducted 48 forums since. This will be the 49th.

I'm pretty certain this is the first that is being conducted in a casino, and that's probably appropriate because agriculture is such a crap shoot sometimes.

Our objective in holding these forums is to assure that no voice is left unheard as we develop the next Farm Bill. But before we get too far into the program, we have a message from the person who asked Secretary Johanns to solicit ideas from as many people as possible while conducting these listening sessions. And if somebody would cue the tape, we'll listen to that message.

(The following taped message was
played:)

"PRESIDENT BUSH: Thanks for letting me speak to you all at this Farm Bill forum.

America's farmers and ranchers provide a safe and abundant food supply for our people and for much of the world. You represent the best values of America, stewardship of the land, hard work and independence, faith, service and community.

Mike Johanns understands the importance of America's farmers to our country, which is why I chose him to lead our Department of Agriculture. I'm proud of his work, and he will lead our efforts on the next Farm Bill.

Secretary Johanns and I believe the first step in this process is to ask each of you how today's Farm Bill is working and how it can be better. And as we look to improve American's farm policy, we will continue to focus on the following goals:

See, American has about 5 percent of the world's population, which means 95 percent of your potential customers are overseas. So one of our goals must be to ensure that America's farmers and ranchers have access to open global markets.

A second goal is that we want future generations to have plenty of opportunities to go into agriculture.

Thirdly, we need cooperative conservation that encourages good stewardship of our land and natural habitats. We also need to act wisely in delivering help to our nation's producers, and we must promote cutting edge agricultural products and research.

And, finally, we must ensure good quality of life in rural America. The Farm Bill is important legislation that meets real needs. The next Farm Bill should further strengthen the farm economy and preserve this way of life for farmers and ranchers of the future. Hearing your advice is an important step towards meeting these goals. I thank you for

all you do for our country and thank you for listening."

MR. MARK REY: As you can tell from that message, our President is determined to seek from the comments that you offer today be used while formulating what this next Farm Bill will look like.

As was mentioned in my introduction, I'm the Under Secretary for Natural Resources in the Environment with jurisdiction over the USDA Forest Service and the Natural Resources Conservation Service. My career has been spent working in conservation. As many of you know, the Farm Bill is one mechanism that helps us to do that.

The 2002 Farm Bill was considered landmark legislation for the conservation funding it provided and for focusing on environmental issues. The conservation provisions of that bill have assisted farmers and ranchers in meeting environmental challenges on their land. That Farm Bill simplified existing programs and created new ones, all seeking to enhance the long term quality of conservation on our working farms, ranches and forest lands.

What goes into the Farm Bill can have long-lasting effects on our nation's natural resources, and that's why we're here today, to hear your thoughts, comments and concerns on what should be included in the next Farm Bill.

To that end, Secretary Johanns developed six specific questions on which we are seeking answers today.

The first question relates to the challenges for new farmers. How do we prepare farm policy to provide a future for new entries into the agricultural community?

Policies that we develop should welcome the next generation of farmers and we should attempt to the extent possible to avoid unintended consequences such as higher land prices resulting from agricultural policy.

The second question relates to how do we stay competitive in the world marketplace? Today over 27 percent of cash receipts for agriculture come from abroad. That's a very, very large piece of all farm income across the country. We must remain competitive in domestic and global markets in order to succeed. Indeed, Secretary Johanns would be here today instead of me but for the fact that he's in Europe negotiating on the next round of agricultural trade issues.

The third issue relates to farm program benefits. Is the current distribution system the most effective way of distributing benefits?

Benefits should stabilize farm prices and incomes. The current programs, crop insurance is a good example, and we have had some conversations across the country about that already, distribution systems based on past and current production levels. Some argue those programs favor larger farms over smaller farms.

The fourth question relates to conservation. How do we do our conservation policies in a way that provides for cooperative conservation?

The President, Secretary Johanns, and I continue to believe that our farmers are the best conservationists in the nation. Some suggest anchoring farm policy around conservation and tangible benefits produced by clearer air and water and less developed landscapes.

The fifth question relates to rural economic development. How can federal rural and farm program provide effective assistance in rural areas?

If you look back at the Farm Bills of the past, there wasn't much there relative to rural economic development. In the 2002 bill, it was a pretty significant piece. Farming and rural America were once synonymous, but demographic and economic characteristics of some rural areas have changed, in some cases changed dramatically. Some believe we

should invest more in the infrastructure of rural America as part of an overall farm policy.

And then the last area is the expansion of agricultural products, markets, and research. We have great resources at our disposal at the Department of Agriculture. But what we're interested in knowing is what are we doing right with those resources in terms of research. And if we are not doing things right, what should we be doing instead?

Agriculture is rapidly changing, and some say policy should do more to help develop the new products and markets than current farm policy allows.

So those are the six questions that we are primarily interested in hearing from you about. Obviously, however, we would be interested in hearing anything that you believe of concern and of use in developing the next Farm Bill.

If we run out of time here today after everyone is done or if you simply think of something that you forget to say, please know that you can always go to www.USDA.gov, and click on "Farm Bill forums." Comments submitted on the web in writing or voiced here today will all be given the same weight and the same exact amount of study and analysis.

Before I conclude, I do have one message for the young people here in the audience. You are the reason that we are here. You're the reason that the President directed us to conduct this series of forums. We hope the advice and ideas that we get here today and in other places around the country pave the way for your future success.

So Lacey, and those of you who are friends here today, don't be shy about offering your views as to what the next Farm Bill should look like because you more than any of the rest of us will probably have to live with the results.

Now I'm done speaking. In fact, you'll hear very little from me for the rest of the day as the purpose of this session is for me to hear from

you. So I'll just be sitting quietly taking notes so that I can record accurately and reflect on what you are going to tell us.

Again, thank you for being here today, and I look forward to a productive discussion this morning.

(Applause)

MODERATOR: Very quickly a little bit of minor housekeeping before we get to the comments portions of this morning's program. Please visit, if you haven't already, the various display booths in the back corner of the room. These booths have a litany of information on the various USDA agencies and their programs. There are also USDA employees on hand to answer any questions you may have about those programs.

Also in the back of the room, please take note of the USDA help desk. This particular listening session is specific to the upcoming Farm Bill and what should be included in it. If you have got a question on some other bill, some other legislature or any other issue related to any USDA program, perhaps even one you're presently enrolled in, please utilize the expertise of the USDA staff at that help desk.

In the interest of hearing from as many of you as possible today, we're going to ask that you limit your comments to two minutes each. As the Under Secretary mentioned, if you are unable to make a comment today or simply think of something you forgot to say or wish to expand on the comments you do make today, please do so online at www.USDA.gov, and click on the "Farm Bill Forums" link.

Just to emphasize, comments submitted here this morning, online, or through the mail are all given the exact same amount of weight and analysis.

Also, if you brought a written statement or any other documentation you'd like to leave for the Under Secretary, please just drop it in either of the

comment boxes in the back.

Finally, if you'd like to make a comment today, please step up to either microphone in the front. We do have some chairs there. So just take a seat, and we'll take the comments in the order that you're sitting there.

And before offering your comment, please state your first and last name, your city, state, and your role in agriculture. Also it's helpful if you could state which question that you are addressing as far as the six questions that Mr. Rey did mention.

If you are having a tough time characterizing your comment, don't worry about it. They will figure it out after the fact.

So please speak clearly so that we can capture your comments. Today's proceedings are being recorded and transcribed and will be published in the Federal Register, pretty exciting for us here in Nevada.

And with that, I will ask for our first comment.

MR. KEYTH DURHAM: It's a pleasure to have you here today. We are honored to have you with us Under Secretary Rey. My name is Keyth Durham. I'm from West Wendover, Nevada, but I chair the state's Rural Development Council. We became an organization in about approximately three years ago, and our theme is keeping the lights on in rural Nevada. We have a council that cuts across the board that represents all segments of rural Nevada. And I think what we are trying to do is establish and make sure that there is a voice for rural Nevada.

With the changes that have occurred recently in legislation, we find that our voice has become more critically important for the voice speaking on behalf of all aspects of rural Nevada. We are particularly interested in the Farm Bill. In the past there have been funding provided for Rural Development Councils out of salaries and benefits.

We are requesting that a separate line item be included in the bill this year to assist us in our efforts to represent rural Nevada.

I have had great opportunity in working with the USDA over the last several years. Became a passion with rural Nevada in 1991 when I moved to a city in central California. And when I moved here in 1998, that passion continued. So we are grateful for what the USDA has done for us.

I remember a city that really was based on funding from USDA. Water systems, housing, and so forth, I have dealt with all aspects relating to economic development as a part of it. And I want to thank you for the opportunity of speaking to you today.

MS. LACEY SPROUL: Good morning. My name is Lacey Sproul. I'm a 16-year old junior at Moapa Valley High School. I have been actively involved with the 4-H for seven years and the FFA for three years. I'm currently the secretary of my 4-H club, a Nevada State 4-H Ambassador, President of my FFA chapter and the Nevada FFA Southern Zone Secretary.

As you can tell, I am actively involved in many team leadership programs for the State of Nevada, and they have had many large impacts on my life. It has helped me become a better speaker, has also helped me better work in team settings and has provided me with many leadership opportunities to grow and develop.

I live in a very urban populated county, but in the rural part of it on a small ranch. Nevada is one of the most urban states in the nation, but that doesn't lessen the importance of agriculture and the impact it has in and across the state.

Agriculture takes a non-traditional path in Nevada compared to other states.

In Nevada the federal government manages an estimated 64.5 million acres or 87 percent of the

state's landmass, the highest percentage of federal ownership in the country.

As a Nevada youth looking at the future of our state, it is important for me to know that the needs of all citizens and communities are met and never overshadowed by the demographics of the state.

USDA support in the Farm Bill for the land grant universities and cooperative extension makes the 4-H program a reality for youth in both rural and urban communities across Nevada. This support makes it possible for youth like me to broaden their horizons and take advantages of the many youth development programs offered through the 4-H, including the 4-H club program, 4-H Afterschool, Operation Military Kids, and youth and adult partnerships.

These programs have a huge impact on the lives and well-being of countless youth across Nevada and the United States. They help empower youth to develop into adults by giving them a sense of belonging where they can master the skills and tools to grow into productive citizens while still giving back to their community. 4-H is a community of young people across Nevada and America learning leadership, citizenship and life skills. It builds the leaders of tomorrow.

Thank you.

MR. BOB ASHWORTH: Good morning. My name is Bob Ashworth. I'm with the Nevada Division of Forestry out of Carson City, and I currently hold the position of Deputy State Forester.

Thank you for this opportunity to comment on the 2007 Farm Bill. This is truly a unique opportunity. Over 40 percent of our nation's forest lands are family owned forests and are a key functional component in farm, forest and ranch operations.

Our family forests, like production agriculture, provide a wide array of tangible and

marketable forest products to our country and the world. Sustainable forestry through the Forestry Title of the Farm Bill is critically important to our national economy and the maintenance of healthy forests and watersheds.

Our forest lands are under significant attack on a variety of fronts including insects and disease, drought, wildfire, and urbanization. More than 44 million acres of private forest nationwide, approximately 11 percent, are expected to fall under urban development and fragmentation into smaller parcels.

The desires of the American public to live and recreate in forested areas and the pressures of high taxes and dwindling markets for forestry products are forcing private landowners to sell their forest lands.

A perfect example is in the Sierra front in northwestern Nevada where real estate prices have recently doubled and even tripled placing tremendous pressure on private forest landownerships.

Scientifically based forestry practices are one of the many tools available to achieve our common goals of healthy watersheds, clean water and air, and diversity in our flora and fauna resources. Over ten million family forest landowners require technical and financial assistance to achieve and maintain healthy functioning forests. Technical and financial assistance result in economic and environmental sustainability. An educated forest landowner is a far better forest manager for the long term.

Together, state and federal forest and natural resource agencies are ready and able to assist in building the best and most comprehensive Farm Bill in history. The Nevada Division of Forestry is excited about the opportunities the 2007 Farm Bill will bring to the natural resource management in the coming years and look forward to implementing the Farm Bill's initiatives.

Thank you. And I appreciate the

opportunity to comment on Question 4.

MR. DEE SESSIONS: My name is Dee Sessions. I'm the Natural Resource Coordinator, State and Private Forestry for the U.S. Forest Service. I'm representing Region 1 and 4, which consists of North Dakota, Montana, Idaho, Utah, and Nevada. My office is in Ogden, Utah.

I'm addressing Question 4, how can farm policy best achieve conservation and environmental goals.

We would like to see the 2007 Farm Bill reinforce commitment to the non-industrial private forest landowner. We need to recognize the role that non-industrial forest landowners play in providing social, economic, and ecological benefits to the rural communities as well as to the nation. NIPF landowners own 42 percent of the forest lands in the United States. 66 percent of our nation's critical watersheds are NIPF lands. 62 percent of the wood products produced nationwide come from NIPF lands.

This all goes along with cleaning our nation's air. For every ton of forest vegetation, 1.5 tons of carbon dioxide is removed from the air and 1.5 tons of oxygen is given off as a byproduct.

Other uses of NIPF lands include, but are not limited to hunting, fishing, hiking, camping, sightseeing, harvesting miscellaneous forest products, et cetera, and of course, protection of our cultural resources.

Reauthorize in the 2007 Farm Bill the Forest Land Enhancement Program, better known as FLEP, administered by the U.S. Forest Services as well as the Environmental Quality Incentives Program, or EQIP, administered by NRCS and other such cost-share programs.

The Farm Bill needs to pay strong attention in dealing with invasive species because these exotic invaders are the primary threat to productive farms, range, and forest lands, as well as to

protection of endangered species.

We need to find incentives to keep the NIPF lands intact. In dry states such as Nevada, and also other intermountain west states and the southwest, urbanization of forest watersheds is one of the greatest threats.

Thank you for your time and thank you for coming to Nevada.

MR. ALLAN PARKER: Good morning. My name is Allan Parker. I'm a business consultant for Rural Nevada Development Corporation. I work in Pahrump, and I'm going to address the issue of economic development.

The Rural Nevada Development Corporation is a nonprofit development corporation formed in January 1992 to serve the 15 rural counties and the 27 Native American tribes in Nevada. Among the many programs that RNDC offers rural Nevada, it has also been successful as a small business alternative lender.

RNDC has and will continue to make available the means of capital to start up businesses or existing businesses wishing to expand in the hopes of providing the opportunity for industrial and commercial growth. As a non-traditional lender of last resort, RNDC maintains assistance to those businesses unable to meet their capital needs through traditional lenders. The goal is to generate jobs and tax revenues and to provide essential services to those industries and citizens within the eligible counties and tribes of Nevada.

Being the only intermediary for USDA's intermediary lending program, RNDC has been very successful as a non-traditional lender for rural businesses throughout the State of Nevada. To date, we have funded 59 businesses in 14 counties for a total of just over \$5 million. Three hundred seventy-three jobs have either been created or retained through these businesses.

As an organization we fully support the IRP

program authorized by the Farm Bill.

However, the IRP program is highly competitive on a national basis, and RNDC has found it difficult to obtain continued funding. The amount of our pending applications exceeds the amount of funds available. It has been necessary for RNDC to seek alternative financing to augment this program.

Due to the limited amount of funding in the Farm Bill for the IRP program and the large number of intermediaries applying for these funds, it would be beneficial to all rural communities to have an increase in the amount available for this program.

Not only do we support the Farm Bill funding, we strongly urge USDA to increase the amount available in the IRP fund nationwide.

Thank you for listening.

MR. JOHN HUNT: My name is John Hunt. I'm with the Conservation District of Southern Nevada, and my question is the use of the Farm Bill as a gauge to the success of the NRCS and the RC&D programs. In Southern Nevada there is not a lot -- we are not a lot of use for the Farm Bill. We don't have the rural component that a lot of counties have. And what I would like to see is we have noxious weeds, we have water quality programs, air quality programs, all the same, but I would like to see some way of not tying the success of the RC&Ds and the NRCS in Clark County, which we are in now, to the Farm Bill. There should be another gauge. Either that, or open up more of the programs of the Farm Bill to where they can be utilized in the rural urban parts of Southern Nevada.

Thank you.

MODERATOR: Just a quick a little bit here. Be sure you please stand up to the microphone because in addition to Mr. Rey wanting to hear your comments, I'm sure the rest of the audience does as well. I'm supposed to pick up the microphone, but it doesn't work.

Next please.

MS. JILL SARICK: My name is Jill Sarick. I'm with the Nevada Tahoe Conservation District in the Lake Tahoe Basin.

I just wanted to make a comment that basically follows up with gentleman. Basically, I know right now that about half of the world's population lives in cities. Rural land is being consumed at an alarming rate in the United States. We work in the Lake Tahoe Basin where over 90 percent of our work is with urban lots. We are doing a lot of technical assistance through NRCS, one of the leaders there, for private best management practices and large scale environmental improvement projects, which is protecting Lake Tahoe's clarity, which is a national resource.

And so, as I understand it, I think there's a proposal on the table for some of the funding for new Farm Bill programs which are really going to be add specific to be coming out of the operations and maintenance budget. That's where we get the majority of our funding, if not all of it. If this program gets cut, our program gets cut significantly, thereby affecting the work that is being done on the Tahoe Basin. So I just wanted to stress that.

Thank you.

MS. MARLENE WALLACE: My name is Marlene Wallace. I live in Esmeralda County, one of more rural counties of Nevada, and I'm with the Esmeralda Conservation District.

We are alfalfa farmers there. My biggest concern is regarding the benefits that the dairy industry gets, that they are not equal to the hay growers who supply those dairies. We recently had an FSA representative attend one of our meetings to give us the lists of the programs that are available to farmers and ranchers and agriculture in the state. And it seems funny that none of those programs involve alfalfa farmers.

They have the MILC program which is a safety net for dairy farmers. And we would please like to see some benefits and programs in the future for alfalfa farmers.

Thank you.

MS. NANCY HALL: My name is Nancy Hall. I'm the assistant director of the Muddy River Regional Environmental Impact Alleviation Committee, MRREAC, out of Moapa Valley, Nevada, and I'm addressing Question 4, how can farm policy best achieve conservation and environmental goals.

The Muddy River Regional Environment Alleviation Committee is a non-profit organization founded locally in 1994. This organization works for solving environmental problems that could affect the people along the Muddy River and Meadow Valley Wash, tributaries to the Colorado River.

MRREAC has the cooperation of the local private landowners, ranchers, businesses, and area residents. MRREAC consistently seeks grants for the approval and restoration of the Muddy River and the Meadow Valley Wash.

Nevada Division of Forestry is the foundation of this project, and the crews have worked for MRREAC since the beginning. Over a ten-year period, MRREAC and Nevada Division of Forestry have cleared approximately 140 acres of solid tamarisk, also known as salt cedar along the Muddy River. Removing tamarisk allows the native species to regenerate and we also do planting to speed up this process.

Removing tamarisk also helps with water quantity and quality as an acre of tamarisk consumes 1.3 million gallons of water a year and also drops all types of salts on the ground and into the water. We have eliminated knapweed from some areas of the upper Muddy using goats and hand pulling along with herbicides.

The goals are simple, to clear as much tamarisk as possible from the Muddy River and the Meadow Valley Wash. The sites we are working on show an increase in native plants as well as native fish, invertebrates, birds, and animals. This project will continue to deliver increased water quantity to the river and the rural community as well as increasing habitat in native species.

The majority of the grants we have received from the Nevada Division of Forestry are funded through the cost-share programs such as the Forest Land Enhancement Program, or FLEP, administered by the U.S. Forest Service.

We would like to see that the 2007 Farm Bill reinforce commitment to non-industrial forest landowners and reauthorize into the 2007 Farm Bill the Forest Land Enhancement Program. By doing so, will help fund projects such as described.

Thank you.

MODERATOR: Thank you. I'll have to stand up here. I have a dead mike there. I just wanted to make sure I thanked everyone as they're speaking. I also urge you if you do have a comment prepared, come on up.

I know that Mrs. Wallace from Esmeralda County, are you related to Grant?

MS. WALLACE: Yes.

MODERATOR: I was going to say, Nevadans might want to think about this as far as a comment goes, on Friday, I believe, Grant came up to my office at the Department of Agriculture in Reno, and that's a perfect example of a young man who takes farming seriously. He and his father, Leland, have done a great job down there.

Again, it gets back to what Mr. Rey said earlier, the young people are the ones who are going to take this forward. I just wanted to kick that in. Some of you might think, "Well, I don't really know

what I want to say to the Under Secretary." This is a perfect chance, again, as Mr. Henderson said, we've never really had this chance before in Nevada, so get your brain cells working there.

Young lady, you're next.

MS. ELISA CALLISTER: Thank you for calling me young. My name is Elisa Callister. I am a board supervisor for the Conservation District of Southern Nevada and an administrator for a rural non-profit group called "Partners in Conservation." I live in Moapa, Nevada, a fifth generation Moapa Valleyite.

I would like to thank you, first of all, for the opportunity to speak and appreciate very much your coming to Nevada. We really appreciate that.

I would like to address Question 6 and state that the Moapa Valley High School has the only ag farm left in the State of Nevada, and so that it isn't the last ag farm, I would like to request that you appropriate funds specifically to go into the schools in the rural communities so that students have the opportunity to have hands on education like they do in Moapa Valley High School and that you provide funding so that these students can participate in the innovative and new cutting edge opportunities and ideas that are out there.

For example, the Moapa Valley High School ag farm and student body are participating in a straw bale structure with the Conservation District of Southern Nevada, and we are having a tour of that today. We would love for you to come out and see that. It's cutting edge innovative conservation design, and students are actively participating in that.

Ask that you provide funding to involve the entire student body, marketing and business classes can participate in marketing some of the products that the ag farm grows. Science, biology classes can work on research projects.

We had a recent graduate of Moapa Valley

High School who majored in chemistry, and now has a job with Bear Creek Soup Company up in Utah that sells dry soup mixes. So all facets of the educational arena can go back to agriculture.

And thank you every much for your time.

MODERATOR: Thank you.

UNKNOWN SPEAKER: Hi, how are you today? Thank you again for coming to our beautiful State of Nevada. I would like to ask you -- I believe this would go to Question No. 3 on the benefits for everyone.

I would like to know is there any way that you can help the farmers and ranchers with this high fuel costs. It is just totally wiping us out. So I would like to see something in the Farm Bill that you can either give us a refund on a certain percentage or a discount somehow or another.

I think that would interfere with your new farmers, new ranchers, I mean, with the cost of everything, the land and fuel right there, they don't have a small chance. Thank you.

MODERATOR: Thank you. That's amazing. After about six months of having high prices on gas, I mean it's really taking a little bit of time to realize just how much it does affect us in every industry, especially agriculture. Everything is always running on gasoline.

Sir.

MR. BRIAN THOMAS: Hi. My name is Brian Thomas. I'm with the Duck Valley Conservation District, the oldest Native American Conservation District in the U.S., and I'm a member of Shoshone tribe of the Duck Valley Indian Reservation.

I'm going to touch a little on the 22 recognized tribes in the State of Nevada, and 13 of these are federally recognized tribes that have established commercial and cultural operations

contributing substantially to the economy of the reservations.

American Indian farm operations on reservations are just beginning to be counted by the American Agriculture Census statisticians as individual operators. The '92 census and earlier census counted the American Indian farm operation as a single farming unit. The reservation during the '97 census in effect took place to count farm operations on reservations who were not counted individually. Estimated data for operations not reporting individually was generally obtained from the reservation officials.

Statisticians are still making efforts to count farm operations on the reservations to improve the accuracy of data collected.

What I want to touch on today is how should farm policy be designed to effectively and fairly distribute assistance to producers.

The increase in conservation program funding, especially for private owners, should be more competitive with all reservations operations and global markets, and to work with the youth oriented programs, FAA, 4-H, and other educational opportunities for the youth and the development for the future of their children in the future is what we need to look at in the future and keep non-ag loans open to youth since these loans have shown to be significantly beneficial to tribal youth across the West.

And the other is the limited resource farm producers on reservations, the size of agricultural operations are from 5 to 160 acres on trust lands taken as individual operations. These farms are not financially feasible to support a farm family. Many of these lands contribute to the environmental degradation of ecosystems and need to be addressed by the USDA programs.

Allotments, which are individually owned trust lands, range from 10 acres to 20 acres in

reservations across the State of Nevada. Individuals do not provide adequate land base in their time to support an agricultural rural operation without having supplemental off-farm income. And this is where it gets hard for ranchers and farmers on reservations to get adequate financing for their cost-share programs such as EQIP and the other programs the USDA puts out to them.

And on the tribal trust lands, assignments cannot be used as collateral to the assignee for agricultural operations. And we can't just go to a bank and ask for \$120,000 to try to finance a program or a project where we can work on under these programs.

On behalf of the conservation districts, we are looking at water quality and quantity on the reservation because that is a lifeline of the Native American people in the production -- in the future production.

With that, thank you very much.

MODERATOR: Thank you very much. Duck Valley, a great little spot, I have the opportunity to go up to Idaho two or three times a year. Take the Mountain City Highway and go through there. It's a great spot. Look at the herd of wild horses up there.

MR. LELAND WALLACE: I'd like to thank you for coming to Nevada also. I'm Leland Wallace. I'm the other part of the family.

My concern is transportation, and that probably comes under marketing which was the last one, No. 6.

But I don't think it's going to get any better, the diesel, and being as rural as we are, and the problems not only with the diesel and stuff and the truckers being available, we have got problems with between interstates also. And I think there could probably be maybe something done with along with the interstate line that maybe would not

necessarily cost a lot of money, but would sure make it a lot easier for individuals that have to move their crop great distances to markets a lot more feasible than it is now.

Such as long trailers and stuff that are available in Nevada. They come into our valley, they drop everything, they unload everything. Here we are gas and diesel again and labor. And then they load it back on the trucks that are short enough to go into California to take the hay to the market. And it's just a lot more labor and stuff because we can't get states in order to cooperate to get our stuff to market. We don't have the rivers. We don't have the railroads. We have the trucks, and we are going to be stuck with the trucks.

So if something could be done along that line would benefit agriculture as a whole whether you're hauling cattle, whether you're hauling hay, whether you're hauling milk, it would help Nevada where we don't get lot of the commodity programs and the programs that are available in some of the other states. We don't have a need so much for those, but, boy, the transportation would sure help.

Thank you again for coming.

MODERATOR: Thank you, Leland. Boy, that's a good point. Living next store to California is sometimes a great thing, sometimes a little irritating there.

Sir, please.

MR. SAM ROUTSON: Good morning,

Mr. Secretary, gentlemen, ladies and gentlemen, my name is Sam Rautson. I'm with U.S. Foods, Winnemucca Farms, Nevada's largest single agricultural producer and food processor.

And with the holiday season upon us, I would urge you all and your extended family to purchase and consume prodigious amounts of Pringles, Potato Crisps, and also Paradise Valley Creamy Mash

all natural brand potatoes which you can buy in Costco nationwide.

Mr. Secretary, one of the issues -- or several issues that we face that have been alluded to this morning, of course, are the skyrocketing cost of energy. Agriculture because of its low margin of profitability cannot sustain the increased energy costs. Agriculture cannot pass those increased costs on to those who we sell products.

Also in Nevada because it is a very large and sparsely populated state, we, of course, have problems, as again was mentioned earlier, with transportation, moving our products to markets. One of the issues that we face in our industry is the marginal railroad service that we have here in Nevada.

With that, and I don't know where it would fit in this morning's discussion, but I would be interested in perhaps some comments on if it was reported correctly in the news media the comment of President Bush as he completed his recent tour of Latin America in response to comments from Latin American leaders, President Bush indicated that he saw the need to reduce and eliminate farm payments. And with that, what -- how that will fit into farm policy and coming into this Farm Bill which will be coming up.

Thank you.

MODERATOR: Thank you, sir. Winnemucca Farms, I was just there last week. Wonderful operation. You're doing a great job up there. I'll say this, too, you do an excellent job of marketing and selling product. Guys like Brad Harper who worked at Winnemucca Farms and other people, it's really something to behold.

Any other comments out there this morning? Kelly, I figured you might have a comment.

MR. KELLY McGOWAN: Good morning and welcome Under Secretary Rey. I'd first like to say

that I'm Kelly McGowan with the Nevada Division of Conservation Districts, and District for over 60 years had enjoyed a very fruitful and beneficial relationship with the Natural Resources Conservation Service in Nevada.

One of the things that I wanted to bring up is contribution agreements within NRCS. While currently not utilized by conservation districts of Nevada, they remain a very viable opportunity for both conservation districts and NRCS. And we would like to see, along with continued funding, a broader range on how those agreements may be structured and the types of work programs that could be addressed under those agreements.

This would allow NRCS and conservation districts to offer greater technical assistance to better serve ag and livestock producers as well as address a wide range of natural resource conservation issues facing the districts and their constituents.

Thank you.

MODERATOR: Thanks, Kelly.

Good morning, Randy.

MR. EMM: Sam, you're too tall. My name is Randy Emm, and I'm a farmer and rancher on the Moapa River Indian Reservation in Western Nevada. And I'm here to address the implementation of the conservation programs on the Indian reservations.

As was mentioned earlier, the land on the Indian reservations is not readily accessible to financing, and as such, it is hard to obtain financing to implement the conservation programs that are available through NRCS and other USDA programs.

Farming and ranching activities on the Indian reservations comprise approximately 18 to 20 percent of the land in Nevada that is farmed and ranched. That includes grazing. Again, I'm not

including the federal grazing lands. I'm looking at private.

But because of this, the implementation of the conservation programs on Indian reservations has not proceeded in the manner which I think it should because of the trust restrictions and the availability of capital. Most of the programs are cost reimbursable, which means that you have to come up with the total cost first, get the program done, and then request for reimbursement.

Because of this situation, programs, conservation programs, implemented on Indian reservations, I believe the cost shares need to be increased due to the very nature of the lands, just basically the financing portion of the lands.

So thank you.

MODERATOR: Thank you, Randy.
Mr. Pearson, good morning.

MR. NICK PEARSON: Nick Pearson, chairman of the Washoe-Storey Conservation District. One thing I would like to emphasize as part of Don's facts was Nevada is a very large state. Yes, we have 87 percent federal land. Take the other 13 percent left, and it's still bigger than all New England. It's something to say. It covers a lot of ground.

RC&D program, I can't overemphasize the importance of maintaining and increasing the RC&D program. It's an extremely valued local tool by locally elected officials in our community. They have done ten of thousands of successful projects each year across the countryside. We need to maintain the RC&D program.

The second point is I'd like to, yes, even reopen some of our urban offices, maintain existing ones and even reopen existing offices. A previous state conservationist that was in our state closed the Reno field office and just about decimated local programs and ability to deal with a lot of very

concerning and environmental problems. Many of our rural problems start in urban areas. Weeds for examples, basic species, start in urban areas. So you need to revisit maybe office reopenings.

Universities and colleges is another point. I'd like to see that universities and colleges be eligible for USDA farm programs. For example, EQIP. It makes environmental sense to improve college sites. It make educational sense there should be demonstration sites. And there's a whole litany of other things as far as needing to make USDA programs available to colleges and universities.

That's all I have on that.

MODERATOR: Thank you, Dick.
Any other comments? Great opportunity for us here, gang.

Good morning.

MS. BARBARA PERLMAN WHYMAN: Welcome. I'm Barbara Perlman Whyman. I'm a supervisor with the Tahoe Nevada Conservation District.

I just wanted to make a statement regarding a comment that was made in the introduction which has to do with the fact that here in the State of Nevada, we are faced with the interfacing between urban development upon our rural lands, and the rural lands are living and have been there for many, many years.

And I'm addressing this to No. 4 with the conservation and environmental concerns. We often address these issues and use terms which, although we hear them all the time, we don't have a working definition. And I would really like the USDA in the Farm Bill to define "sustainability" because it underlines a lot of what we do, what we strive for, and what our goals are, and yet, the interpretation becomes very fuzzy. And I see this -- I happen to sit on the Pathway Forum which is a collaborative endeavor to work with the U.S. Forest Service, the Lahontan Water District, the Tahoe Regional Planning Association, and the Nevada EPA to plan the next 20

years for the Tahoe Basin.

And within that, the collaborative process, it becomes really imperative that we are talking the same language regardless of which department is interpreting the statutory and regulatory and technical assistance.

And so within the Farm Bill, it becomes really important for you to define the terms that you use and make them become a working operative definition for all of us to use.

And I thank you for your consideration.

MODERATOR: Thank you. Good comment. As you well know, anything that has to do with Lake Tahoe is always very complex with the by-state and the different agencies within that state.

Very well put. Thanks.

Good morning, Chris.

MR. CHRIS FREEMAN: Good morning. I'm Chris Freeman, president of the Nevada Association of Conservation Districts, and a supervisor at Lake Tahoe, Nevada Lake Tahoe Conservation District. My comments are kind of going to be overall looking at the future of the Farm Bill is, one, national priorities for conservation are very important, but also we need to look at maintaining locally led resource issues as a priority too, and also the conservation districts being a leader and working with private landowners and planning programs through non-regulation.

The new Farm Bill should emphasize the locally led process in developing how the resources are treated and the programs are administered, and the program driven -- programs for farm programs.

The other thing is not to forget, as mentioned before, that we do have a real connection to urban and rural. We need to maintain urban offices within NRCS staff because of the technical

assistance available to work basically with the head of watersheds in many cases so that we can take care of the issues if they go downstream that can impact agriculture.

Last item is a housekeeping for my association meeting. After this meeting we adjourn and move down the hall at 11:00 for our regular association meeting and lunch and then a tour in the afternoon. Thank you.

MODERATOR: Thank you, Chris.

Good morning.

MR. LARRY BURTON: Good morning. Under Secretary Rey, thank you very much for coming. My name is Larry Burton. I live in Reno, and I am the program administrator for the Solar Generations Rebate Program for Sierra Pacific Power Company and also Nevada Power.

Solar Generations is a state funded rebate program that encourages customers of Nevada Power and Sierra Pacific to participate and put in solar portable tanks systems. We are now working with the USDA here in the state to try to bring portable energy and specifically portable tanks to rural Nevada.

We think the combination of the USDA grant programs in combination with the rebate programs and also the federal tax incentives provided by the federal tax bill provides a substantial financial package for rural Nevada farmers, ranchers, and communities to look at new and renewable energy.

Nevada Power and Sierra Pacific are also trying to work with the PUC to bring other programs for geothermal and wind production to rural Nevada, and we hope to do that in the next couple of years.

So I'd like to just encourage that the new Farm Bill increase funding for renewables. You have heard today that several people are concerned with the high price of fuels. Energy is also a big

important factor for rural communities and also farmers, ranchers doing renewable energy projects in this state. It's a great state for renewable energy. The potential for geothermal in Northern Nevada is huge. The potential for wind generation is huge in this state and also with solar.

So I'd like to encourage additional funding for that in the 2007 Farm Bill. Thank you.

MODERATOR: Well put, Larry. With 212 days of sunlight, wind all the time, and plenty of geothermal, we've got a lot of great resources out there.

Any other comments this morning for Mr. Rey regarding the Farm Bill? Because if you don't have one, I know Mr. Henderson has something that he'd like to follow up on.

Oh, good. Go on. Good morning.

MR. JOE SICKING: I'm Joe Sicking with Paradise- Sonoma Conservation District, and I would like to see the CSP program put back to the way it came out of Congress, and it's going to be a vehicle to assist farmers. I think with the global economy, we are going to lose -- a lot of the commodity programs are going to be downsized to -- from the global markets. We think that the CSP program would be a good vehicle to help and assist farmers.

Thank you.

MODERATOR: Thanks, Chuck.

Your twin brother was just here.

MR. MCGOWAN: Everybody's wishing he'd go home too. Kelly McGowan, Nevada Division of Conservation Districts.

One of the things that has come up across the nation as I participate in the National Association of State Conservation Agencies as well is the issue of block grants within the Farm Bill,

and we're hopeful that USDA will consider in the 2007 Farm Bill block grants made available to conservation districts would be a specific way in which USDA could directly enhance natural resource conservation and technical assistance to clients utilizing both Farm Bill programs and participating in programs specific to conservation districts.

Thanks.

MODERATOR: Great. Thanks for that good comment. Now, Kelly has been up there twice if somebody has thought of something they'd like to say.

This is kind of like going to see Santa Claus. Once you get off his lap, he's gone to the North Pole. This is our chance.

Okay. You don't mind, Mr. Henderson, you've got -- You've taken this all in. Don is the director of the Department of Ag. You can go to the podium. It's official.

MR. DON HENDERSON: For our recordkeeper, Don Henderson with the Nevada Department of Agriculture. Thank you for all your comments. There's quite a few people who did not speak here this morning, and because of that I have a whole list of things that I get to say. So we are going to penalize you to a certain extent.

Let me try to run through briefly some of my notes and then what I picked up on, development council funding is important. I found out that Lacey would make a great speech writer. I've been looking for a good speech writer. So look me up when you get out of school.

Forestry came up as an issue, which probably may surprise the Under Secretary before. We do have forestry in Nevada, and it's an important program. It's probably not what's viewed in other regions of the nation as a forestry program, but we do have forestry and rangeland issues that are tied together and need to be supported.

Noxious weeds was mentioned as a priority, and increased access to conservation districts to funding through the Farm Bill was mentioned.

We have, I believe, 28 conservation districts across the state, and there is right -- the resources that they help assist and conserve are so wide and divergent, all the way from Lake Tahoe to the Moapa Valley. I think a lot of those comments came in.

The issue of assistance programs for alfalfa production, that is a real issue that we've

struggled with for years in Nevada where the Farm Bill is focused on commodities and many of our crops are not commodity based. That needs to be realized.

Fuel costs, transportation costs, it's ironic for years, we've been looking for the perfect environmental conditions and prices, we get a good boost in the agriculture and we put it together this past year or two in terms of high livestock prices and good foliage years. What comes along, high energy cost that reduces that margin of profit.

Alternative energy was discussed, and that's important, alternative energy sources, bioenergy resources is an important opportunity for Nevada, and something we should be looking at with this status of our energy policy within the nation.

Marginal railroads and transportation of agricultural products and the need for states to get together to try to unify transportation requirements, very valid points.

Block grants to CDs was mentioned. We've heard from several individuals from the Native American population and some of the challenges that they face, and we need to pay increased attention to.

RC&Ds was mentioned as an important program. Need to revisit some of the field office locations, wild land, urban interface issues,

defining sustainability. That's going to be tricky as you move across the United States and across the resources. Solar power.

Those are some of the things that I was noticing the Under Secretary taking his notes, and he has a little bit better -- he's a better notetaker than I am. So I'm sure with the transcription here that your thoughts will be captured.

I had a couple of things that some of them are marginal to issues that were brought up here today and some are some new thoughts that I'd like to just throw out there while I have a chance and the Under Secretary's ear.

Homeland security is an issue that has come to the forefront and is on everyone's mind, and there's been a lot of funding thrown out to help local governments, state governments and federal agencies to address homeland security issues.

The one thing that I see missing, and we've been looking for is the education of our farmers and ranchers on homeland security issues, bioterrorism threats, and what steps can they take to reduce these threats.

We all recognize that bioterrorism and agriculture, that's an important issue, but I have not seen any funding sources come down through homeland security to educate our producers on what steps they can take to protect and reduce bioterrorism on our lands. We have been looking for them also. So that's one comment that perhaps maybe the Farm Bill or some other bill might be able to address.

I focused on today and I think our comments today that agricultural systems, challenges and opportunities vary across this nation. As such, it's very difficult, if not impossible, to design a national agriculture assistance or conservation program that meets the needs of ranchers and farmers in every region of the nation. It's primarily due -- this reality is due primarily to the unique nature of

agriculture in Nevada, that enrollment numbers in USDA programs are low in Nevada.

The Noninsured Crop Disaster Assistance program, or NAP, is a step in the right direction for addressing some of the issues. That program needs to be expanded to include livestock. The Livestock Assistance Program offered to ranchers five or six years ago here in Nevada when we were experiencing some heavy droughts and wildlife losses were extremely popular and successful for those producers that were eligible. For numerous reasons, the Emergency Ag. Loans Programs are not practical and widely utilized by Nevada producers.

For these reasons, and along with what Kelly McGowan said earlier, the Nevada Department of Agriculture joins with our counterparts through the National Association of State Departments of Agriculture by calling for a new approach to address agricultural conservation, environmental priorities, and emergency assistance through state partnerships. What is currently called the Agricultural Stewardship Program would be a block grant initiative where the USDA would provide a grant to state departments of agriculture or conservation districts to achieve a specific end and to provide specific services to the local producers. To be successful and meaningful, there should be little to no strings attached to these grants on how the respective state agency achieves the intended results. It's the results that are meaningful, not how we get there.

A good example on how this program can work and be successful was the specialty crop block grant program that was funded four years ago. The 2001 specialty crops block grant provided about \$160 million in grants to state departments of agriculture. The states went to producers, and from them, they made a -- from the advice gained from producers on what the opportunities were made investments in more than 1,400 projects across the nation from significant issues, including marketing, agricultural marketing, education, research, pest and disease programs and food safety. This program also leveraged matching funds of about \$45 million from

state and individual grant recipients.

I can assure you that the \$660,000 that was received in Nevada through this program was well spent and spread about as far as you could spread that amount of money. It funded over 35 divergent projects ranging from the development of market feasibility studies to pilot production trials with wine and grapes and native seed to producing producer conferences on marketing and export requirements and farm diversification. Several of the grant recipients from this successful program are in this room today.

We applaud recent efforts to fund this program for a second time through the passage of the most recent ag appropriation bill and strongly urge continued funding of this program through the Farm Bill. These types of innovative programs are critical to the future advancement and growth of agriculture in Nevada.

On the issue of invasive species and weeds, this Farm Bill raises a golden opportunity to address the need for clear and workable state and federal cooperative program for detecting and eradicating foreign pests and weeds. These pests arrive on global trade, are not caused by the states that are increasingly being asked to shoulder the responsibility to detect and eradicate. Recent incidents have raised this issue to the level of inclusion in the Farm Bill.

Also, the Invasive Species Initiative, which was developed under the Clinton Administration, have not been funded to assist states with the numerous threats posed by invasive weeds. This is an important issue in Nevada where the window allowing for the control and eradication of numerous invasive weed species is rapidly closing.

With the extensive holdings of land in Nevada by the federal government, substantially increased funding to federal agencies is needed to control weeds species on federal property, while the recommendations from the President's Invasive Species

Council should be implemented to provide federal funding to states to supplement local efforts to detect, control and eradicate weed species.

Failure to act substantially on this issue in the upcoming Farm Bill will greatly impact Nevada's natural resources, wildlife habitats, agricultural productivity, and quality of life for all Nevadans.

The USDA Ag Mediation Program is another important program here in Nevada. This is a program where states with certified mediation programs provide mediation for USDA agencies and their customers where there has been an adverse agency decision issue. This has been a very successful program in Nevada where we pioneered the mediation of contested Forest Service grazing decisions and prevented several administrative appeals. Funding levels for this program have not kept up with the growth of this program even though this program saves the federal government money through the reduction of costly administrative appeals.

When Nevada first started the program in 1996, there was a \$35,000 federal assistance grant to the state to administer and deliver this mediation program.

Due to the addition of other states into this program and static funding levels, the level of funding received by Nevada this last year was only \$8,500.

With 35 states now delivering this worthwhile cost effective program, national funding levels need to be increased to about \$5 to \$6 million if it is to remain a viable USDA initiative.

One other point that has been touched on in the testimony at this forum is the -- and that I'd like to focus on briefly -- is that there is a need to fund and make adjustments within the NRCS to get the "Service" put back into NRCS.

The technical expertise provided by this

agency is critical to the future advancement of agriculture on both public and private lands in Nevada. This is a tremendous resource that has made a big difference in Nevada, and we need to focus on it in the future.

Speaking for Nevada, we need the NCRS staff back in the field working with individual ranchers and farmers and Indian producers to bring about improved conservation and advancement of agriculture.

Couple of other points -- aren't you sorry you didn't have more comments -- a couple of other points. Kind of transcends the Farm Bill, but since we have the Under Secretary here, I'd like to take this opportunity to make some general observations on needs relating to national forest system lands.

First, over the past decade or two, we've learned that custodial management of our vast natural resources is insufficient to keep these lands in a healthy and productive condition. Rather we need aggressive and proactive management of these resources to keep them in a condition where they can be enjoyed by future generations.

Recognizing this reality, priorities for increased funding for the Humboldt-Toiyabe National Forest center around improved and proactive vegetation management, including invasive weed control, pinyon-juniper encroachment, fuels management, and habitat and riparian improvement.

An initiative that I would consider a failure that I'd like to bring on and touch on focus on the advancements that are being made was the command and control mechanisms put in place in the late 1980s through the "Change on the Range" Initiative where standards and guidelines were inserted into Forest Service grazing permits and became the sole determinants for permit administration.

Under this concept, if the annual grazing results did not fully meet these imposed standards,

the involved rancher was penalized into submission or eventually lost the grazing permit.

The point I'd like to make in this regard is that there are plenty of challenges ahead of us in successful management of our national forests and public lands. It's a big job, and the Forest Service should be out seeking assistance from the public and private industry if they hope to get a handle on this challenge.

One of the best and most cost effective tools that the Forest Service has in its arsenal in meeting the vegetation management challenges it faces is the permitted livestock grazing program. The command and control approach imposed by grazing standards provided little incentive, in fact, it was a disincentive, for ranchers to work cooperatively and in a partnership with the Forest Service on these forest health and rangeland health issues. Producers were hunkered down fighting to keep their Forest Service grazing permits and maintaining their livelihoods.

But recently we are picking up signs that change on the range is appearing again, where the Forest Service is moving to implement adaptive grazing management. Where consensus grazing objectives are developed, grazing is designed and implemented to achieve those objectives, and cooperative monitoring is used to determine if the long-term vegetation objectives are being achieved through the implemented grazing.

The collaborative and cooperative approach, this collaborative and cooperative approach, is being pioneered in the Humboldt-Toiyabe Forest through the Martin Basin rangeland project EIS. I ask for the Under Secretary's support for this positive and collaborative approach to the administration of livestock grazing on National Forest System lands.

With that diatribe, I would like to thank each participant that came here today for your comments. Feel free to, as we move through the Farm Bill, which will be a couple-year process, to include

your input. My office is open, and quite frankly, my office is openly trying to develop some consensus in opinions that we could take forward as Nevadans for the Farm Bill. So feel free to contact my office. Feel free to contact the USDA directly.

If you don't give your opinion, it certainly won't be considered. So please, be active in this process. Just come up with good ideas. Let's think outside of the box how we can do things better and more cost effectively.

With that, I'd like to again thank the Under Secretary for being here. I hope that the comments that you've heard will help you in your big job of trying to come up with a Farm Bill designed to move agriculture ahead.

(Applause)

MODERATOR: Did that thought process spawn any more comments before we come to the conclusion of this forum? Anything anyone else would like to say in public forum to Mr. Rey or your fellow conservation districts and producers?

Okay. Then I'm going to pass the microphone to Mr. Rey for a closing comment.

Mr. Rey.

MR. MARK REY: Thanks very much. And thank all of you for participating here today and for the comments that you provided us. I will take these back and visit with the Secretary with my fellow under secretaries as we do most every Monday morning to reflect on what we've heard in the respective Farm Bill forums that we each held. I have got five good pages of notes to work from when I get back there.

One of the things that we have declined to do as we have been undertaking these Farm Bill forums is to start to speak to what we think the next Farm Bill should look like. The reason we've declined to do that is we think in fairness we'd like to make

sure we get through this round of listening sessions here from all parts of the country and then start to reflect on what we think that input needs, where we should go from here.

But I can tell you a few of things that we are hearing around the country to give you a sense of what your peers, your friends, and your distant neighbors in other states are saying.

One of the things that strikes me is that, notwithstanding the diversity in American agriculture, and I think I have heard from as a diverse a range of states as possible because I've held the Farm Bill forum in Alaska and then two weeks later held the one in Rhode Island. So from purely a size perspective, I've covered the full gamut, our largest state to our smallest large. Interestingly, those were the only two states where I heard about aqua culture and fish farming, although I know that there are other states where we heard about that as well, just not ones that I was at.

But notwithstanding that diversity, there are a couple of key things that we are hearing to a greater or lesser degree that seem to be unifying themes that we're hearing in most every state.

The first of those is a concern of over the fragmentation and development of rural landscapes, farm, ranch, and forest lands. And that's a large problem and a serious concern in states as small and as urbanized as Rhode Island and as large and rural as Nevada. It is something that the 2002 Farm Bill did address through the increase in emphasis on programs that already existed at the time that the Farm and Ranchland Protection Program as well as creating new programs like the Grassland Reserve Program to provide landowners incentives to avoid the movement towards development and subdivision.

So I think while our efforts in the 2007 Farm Bill are very substantial food around the country, what we're hearing on a fairly consistent basis as we undertake this series of listening sessions is that people feel that much more needs to

be done and that the fragmentation of rural landscapes is indeed a serious concern at the heart of the future of American agriculture.

The second thing we've heard a lot about in a lot of different ways, but in almost every state, questions of agricultural trade and the importance of free trade and fair trade to the future of American agriculture.

As I indicated in my opening remarks, today 27 percent of on-farm receipts are generated as a result of foreign trade. That is going to continue as we have been enjoying over the last couple of years record levels of agricultural exports, and that is good news. That is a positive indication of an opportunity that exists out there for American agriculture.

But it's an opportunity that we cannot fail to realize because there is another statistic that to me encapsulates the challenge that lies at the heart of the future American agriculture, and that statistic is that our rate of consumption of agricultural products domestically is increasing at half the rate of our production.

So unless we all are going to commit to one another that we are going to start tomorrow eating twice as much as we have been, it becomes inarguable that we need to be able to develop, exploit, and penetrate foreign markets in order to take advantage of the productivity increases that together we have been able to achieve over the last couple of decades.

In the ongoing trade negotiations that are under way today, there were three issues that generally need to be addressed.

One is domestic price supports for crops produced within each country.

The second are export subsidies in countries to provide to assist their producers in marketing abroad.

And the third are barriers to entry within a country for foreign agricultural products.

Last month, Secretary Johanns and the President put a very aggressive proposal on the table to deal with the question of crops and price supports for agricultural commodities. They put that offer on the table with the expectation that it would be met with an equally aggressive and forward leading offer from our trading partners, particularly European union countries to reduce significantly or eliminate barriers to the entry of American agricultural products into their countries.

Those negotiations are still ongoing, and I suspect that we will hear something perhaps as soon as the end of this week as to whether our trading partners are willing to make the same kind of bold commitments to free and fair trade worldwide that we've already articulated.

If they do, then I think we can move the ball considerably forward in recognizing what the future of American agriculture has to involve, which is the greater movement of American products into the global marketplace.

If we don't, then there will still be challenges for us in the future to keep on trying, but we are committed to trying to realize the return on the investment that we made in increased productivity.

A third thing that we have heard around the country, less here today than other places, and that may be because here in Nevada you're experiencing such a rapid rate of growth, that it's cloaking a lot of other problems that may be less noticeable, but what we're hearing around the country in virtually every other state is a concern about whether this Farm Bill, upcoming, the 2007 Farm Bill, will be a forward looking Farm Bill and whether it will make USDA's and the government's programs programs that assist in bringing new entries into agriculture, ranging in forestry as the demographics of our current world populations will need that

influx of new participants in order to keep American agriculture and range and forestry healthy. The median age of an American farmer today is about 55 years old, which parenthetically is only a little older than the median age of an USDA employee. So we're all graying together, I guess.

But what that means is that unless we are going to continue to see an increase in the amount of leased land as a percentage of American agriculture as a whole, currently worth about 40 percent of the land base in leased categories, which may be about the upper limit that we can experience.

But at any rate, unless we are going to reverse that trend, we are going to need to formulate programs that make it easier, not harder, for new entries into agriculture. Programs that increase land values or that inflate land values obviously have a reserve effect, making it harder for new entries into the agricultural market.

Conversely, programs that put a damper on the escalation of land values for speculative purposes, like development, the Farm and Ranch Land protection program may have a secondary effect beyond protecting the working rural landscapes to also making it possible to transfer those ownerships from one generation to another by decreasing speculative value of the land and making it easier for somebody who wants to get into farming to take over the estate for that purpose.

But that's a third common theme that we've heard throughout that people have said that they'd like the 2007 Farm Bill to recognize.

So those are a few of the common threads that we've heard whether we've been in Nevada or Nebraska or Rhode Island or Alaska, states with a very diverse range of concerns and interests and landscapes.

We will reflect on all this as we go forward, and you should begin next year to hear from us about what we think the next Farm Bill should look

like, and, hopefully, not too soon thereafter Congress will take up the matter and will be into the cycle of writing the next chapter in the history of American agriculture.

Before I wrap up, I would like to address one issue that was just mentioned about grazing and the national forests. We come to this issue with a perspective somewhat, if not very different, than the perspective of some of our predecessors.

As I look across the intermountain west, there is no confusion in my mind about what the single largest environmental challenge facing the region is. And it's not the amount of cows that we are stocking on federal rangelands. It's not the entry of roadless areas on national forests, or it's not the timber projects that go on our national forests. It's not a number of other things that are typically in the general mix of issues that are debated as public land issues are considered.

No, in our judgment the single largest environmental challenge facing the intermountain west is the subdivision and development of the relatively small amount of privately owned rural lands that are in the path of the rapid growth of the states in the intermountain region.

The intermountain region is the fastest growing region in the country and the most heavily urbanizing region in the country. In the last census, the five fastest growing states were all intermountain states starting with Nevada, followed by Arizona, Utah, Idaho, and Colorado, not necessarily in that order, as I think Colorado may have been ahead of Idaho.

Most of that growth is not occurring within the existing metropolitan areas. Rather it's occurring on the urban wild land interface because that's where the developable land is.

In the last two decades, 3.2 million acres of privately owned forest ranch lands have been converted to subdivisions or ranchets. During those

same two decades, 8.4 million new homes have been built in the wild land urban interface. That's the equivalent of using an average household size of four people per household of moving the current population of California into the wild land urban interface.

Most of the lands that are being converted were prior to conversion privately owned ranches or forest lands. Our central challenge is to keep those ranches as working ranches and slow the rate of conversion if we can to help channel that growth so that it's less destructive from an environmental standpoint.

(Applause)

MR. MARK REY: So we start from the premise that anything that makes ranching more difficult, less likely, and, thereby, encourages the rate of conversion of ranches to subdivisions is a policy that ought to be looked at with a great degree of skepticism, if not outright hostility. And that explains, as much as anything, the change that you see in the working relationship between the federal land managing agencies and ranchers over the last four years.

So I just wanted to point out an underlying rationale for why that change is occurring and the importance of it as well.

And with that, I guess it's my job to give you back the microphone, but before I do that, once again thank you for all of your insights and wish you all a good day.

(Applause)

MODERATOR: Thank you very much, Mr. Rey. Just from this entire morning, I was thinking in my mind, this is a lot better than onion inspection I was going to do in Yerington this morning. It was especially exciting for me being a planned industry guy for the Department of Ag to be in the company of the producers, the conservation people, of course, USDA personnel. I get to hang with my director

today. It's been a wonderful experience for me. I hope it has been for you as well.

As a native Nevadan, Mr. Rey, I have to say, from the bottom of my heart and being an aggie myself, we really appreciate you coming to the state. We hope you come back. And as it was mentioned, I had to mention this because it's getting close to the season, as it was mentioned earlier, the majority of our precipitation is snowfall. We like to ski on it before we use it out in the fields. So if you're ever inclined, come out and we'll show you some good Sierra skiing.

Thank you very much.

(Applause)